

Message Text

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ORIGIN EB-07

INFO OCT-01 SS-15 ARA-06 ISO-00 INR-07 L-02 /038 R

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APPROVED BY:EB-JULIUS L. KATZ, ACTING

EB/ORF/OFP/FPD-MBOERNER

S/S-S

ARA/ECP-CREYNOLDS

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R 190115Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY PORT AU PRINCE

AMEMBASSY SANTO DOMINGO

INFO AMCONSUL BELIZE

C O N F I D E N T I A L STATE 061201

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C O R R E C T E D C O P Y (FOR ADDRESSEE AND DISTRIBUTION)

E.O. 11652 GDS

TAGS: ETRD, EAGR

SUBJECT: 1975 MEAT PROGRAM

REF: STATE 282971 (1974)

1. US HAS GIVEN CAREFUL CONSIDERATION TO RESPONSES OF
HOST GOVERNMENTS ADDRESSEE POSTS TO PROPOSED 1975 MEAT
PROGRAM (REFTEL). WHILE PROPOSAL ACCEPTABLE TO SOME
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COUNTRIES, SEVERAL INDICATED SEVERE PROBLEMS WOULD BE

CAUSED BY ALLOCATIONS SUBSTANTIALLY BELOW RELATIVELY HIGH LEVEL OF EXPORTS ACHIEVED IN 1974 AND GROWING EXPORT CAPACITY. MAJOR NON-HEMISPHERE SUPPLIERS ALSO RAISED SERIOUS PROBLEMS RELATED EITHER TO LEVEL OF PROGRAM OR COUNTRY ALLOCATION FORMULA. AT SAME TIME, PRESS REPORTS THAT US CONSIDERING INCREASE IN PROGRAM ABOVE DECEMBER 31 ESTIMATE OF 1150 MILLION POUNDS HAS PUT EXECUTIVE BRANCH UNDER SEVERE DOMESTIC POLITICAL PRESSURE. IN PART THIS DUE TO FURTHER SERIOUS DETERIORATION IN US CATTLE PRICES SINCE DECEMBER 31 ESTIMATE ANNOUNCED.

2. US HAS EXAMINED CAREFULLY ALTERNATIVES FOR RESOLVING CONFLICTING FORCES CITED ABOVE AND HAS DECIDED ON NEW 1975 MEAT PROGRAM WHICH YOU REQUESTED TO COMMUNICATE TO HOST GOVERNMENTS ON PRIORITY BASIS. PROPOSAL HAS TWO MAJOR

ELEMENTS. FIRST, TOTAL PROGRAM LEVEL IS INCREASED TO 1180 MILLION POUNDS. AS BEFORE, FROM THIS AMOUNT IS DEDUCTED AN ESTIMATE OF 18.1 MILLION POUNDS TO BE IMPORTED FROM NON-PARTICIPATING COUNTRIES (CANADA, THE UNITED KINGDOM AND BELIZE), LEAVING 1161.9 MILLION POUNDS TO BE ALLOCATED AMONG PARTICIPANTS. SECOND, THE COUNTRY ALLOCATION FORMULA HAS BEEN CHANGED AND IS BASED ON IMPORTS INTO THE US DURING EITHER CY1973 OR CY 1974, WHICHEVER WAS THE HIGHEST FOR THE COUNTRY CONCERNED. THUS THE HIGHEST LEVEL OF IMPORTS FOR A GIVEN COUNTRY, DIVIDED BY THE TOTAL OF SUCH HIGHS FOR ALL PARTICIPATING COUNTRIES, CONSTITUTES THAT COUNTRY'S SHARE. THIS APPROACH ALLOWS ACCOUNT TO BE TAKEN OF CY 1974 DATA THAT WERE NOT AVAILABLE IN DECEMBER WHEN THE ORIGINAL US PROPOSAL WAS FORMULATED, AND FURTHER PROVIDES THAT A SINGLE NON-REPRESENTATIVE YEAR FOR A GIVEN COUNTRY MAY BE DELETED.

3. NEW PROPOSED RESTRAINT LEVELS ARE AS FOLLOWS (IN MILLIONS OF POUNDS): AUSTRALIA 615.1; NEW ZEALAND 252.8; IRELAND 38.2; GUATEMALA 33.4; EL SALVADOR 11.1; HONDURAS 34.8; NICARAGUA 47.6; COSTA RICA 52.2; PANAMA 2.5; MEXICO 58.4; HAITI 1.8; DOM. REPUBLIC 14.0.

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4. EXCEPT FOR CHANGES IN LEVEL AND ALLOCATION FORMULA, US PROPOSES THAT 1975 PROGRAM OPERATE AS PREVIOUS (1972) ONE, WITH TEXTS OF AGREEMENTS PROVIDING FOR NON-PREFERENTIAL REALLOCATION OF SHORTFALLS (AT DISCRETION OF US) AND PERIODIC REVIEW OF PROGRAM WITH POSSIBILITY OF CHANGES DUE TO UNFORESEEN MARKET DEVELOPMENTS. FYI SHOULD QUESTION OF INTRA-REGIONAL REALLOCATION OF SHORTFALLS BE RAISED, YOU MAY INDICATE THAT US HAS RAISED THIS

POSSIBILITY WITH MAJOR NON-HEMISPHERE SUPPLIERS AND CONCLUDED THAT THERE WOULD BE OVERWHELMING OPPOSITION TO ANY CHANGE IN PRECEDURE THAT WOULD HAVE EFFECT OF REALLOCATING SHORTFALLS ON PREFERENTIAL BASIS. US EFFORT TO INCORPORATE SPECIAL CONCERNS OF HEMISPHERE RAISED IN DECEMBER SCCN CONSULTATIONS AND IN BILATERAL MEETINGS IS THEREFORE REFLECTED PRIMARILY IN ALLOCATION FORMULA WHICH GIVES WEIGHT TO GROWING EXPORT POTENTIAL OF MOST HEMISPHERE SUPPLIERS. END FYI. POSTS MAY NOTE THAT UNDER PROPOSED PROGRAM, TOTAL HEMISPHERE SHARE OF US MARKET INCREASES FROM APPROX. 20 PERCENT OVER 1972 PROGRAM, TO 22 PERCENT

5. ACTION REQUESTED. POSTS SHOULD COMMUNICATE NEW PROPOSED RESTRAINT LEVELS TO HOST GOVERNMENTS ON PRIORITY BASIS, DRAWING AS APPROPRIATE ON PARAS. 1 AND 2 TO EXPLAIN BASIS FOR US DECISION. YOU SHOULD URGE THAT OFFICAL RESPONSES INDICATING FIRM AGREEMENT IN PRINCIPLE BE COMMUNICATED NO LATER THAN FRIDAY, MARCH 21. ALTHOUGH ACTUAL TEXTS OF AGREEMENTS CLEARLY CANNOT BE SIGNED BY THIS DATE, AGREEMENT IN PRINCIPLE MUST BE RECEIVED PRIOR TO SECRETARY OF AGRICULTURE'S SECOND QUARTERLY ESTIMATE OF 1975 IMPORTS DUE MARCH 31. IN ABSENCE OF AGREEMENTS ON PROGRAM, ESTIMATE WOULD BE ABOVE 1181 MILLION POUND LEVEL WHICH WOULD REQUIRE PRESIDENTIAL PROCLAMATION IMPOSING QUOTAS AT ADJUSTED BASE LEVEL OF 1074 MILLION POUNDS. HOST GOVERNMENTS SHOULD BE URGED TO KEEP US PROPOSAL ABSOLUTELY CONFIDENTIAL AT THIS CRITICAL STAGE.

6. SHOULD QUESTION ARISE OF ABSENCE OAS CONSULTATIONS RE NEW US PROPOSAL, YOU MAY INDICATE THAT INTENSIVE BILATERAL CONSULTATION WITH COUNTRIES RAISING SPECIAL PROBLEMS WERE PREREQUISITE TO FURTHER MULTILATERAL CONFIDENTIAL

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DISCUSSIONS. BECAUSE BILATERAL PROBLEMS PROVED UNEXPECTEDLY DIFFICULT AND TIME-CONSUMING, DEADLINE OF SECRETARY OF AGRICULTURE'S MARCH 31 ESTIMATE IS NOW CONSTRAINT ON FURTHER DISCUSSIONS.

7. SPECIAL INSTRUCTIONS APPROPRIATE TO INDIVIDUAL COUNTRIES FOLLOW SEPTELS. INGERSOLL

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEATS, PROGRAMS (PROJECTS), EXPORT DATA, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE061201
Document Source: CORE
Document Unique ID: 00
Drafter: EB:ORF:OFP:FPD:RSSIMPSON
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750095-0414
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750336/aaaabfxy.tel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: 75 STATE 282971, 75 (197
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by ellisoob>; APPROVED <25 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1975 MEAT PROGRAM
TAGS: ETRD, EAGR, US
To: MEXICO MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006